



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

March 17, 2008

Certified Return Receipt
7004 2510 0004 1824 9085

David Penney
Penney's Gemstones, LLC
2400 East 30 South
P.O. Box 312
Beaver, Utah 84713-0312

Subject: Final Determination, Penney's Gemstones LLC, Sliver 3-4 S/001/057, White Tiger S/027/093, Pretty in Pink S/027/073, Lost Gems S/001/056, Beaver and Millard Counties, Utah

Dear Mr. Penney:

This letter addresses your letter and response of January 15, 2008. The following disturbed acreages and bonding determinations referenced in this letter are considered final. You are therefore required to amend your permits with DOGM to reflect these acreages within 30 days. All permits are for exact acres disturbed. At any point, you may amend your permit to mine additional acreage, you are required to submit form MR-REV-SMO/EXP found on the Division's website at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

Silver 3-4 S0010057

You state that the road entering the Sliver 3-4 property is an RS 2477 road and should not be counted as disturbance. This is not the case, please read the attached BLM determination. The Division has decided to change the designation of your mine to a Small Mine and will terminate further review of the Large Mine Permit.

The Division will allow this site to fall within the Small Mine category, however; you are not allowed to expand beyond your current footprint or you will be subject to enforcement action. The Division has escalated the 2003 surety \$700 dollars good until 2010. You currently have \$20,000 dollars allocated to this project, so please remit the additional \$700. This surety amount was calculated in coordination with the BLM and is not considered a duplicate bond as you have stated. You may either post the additional \$700 with the BLM or us as long as we are both named on the surety.

White Tiger S0270093

A portion of this site is on BLM land and the other part is on state lands. The total disturbance is less than 1 acre. The surety amount for one acre or less is \$5,900. You currently have \$1,800 dollars under a nationwide bond with the BLM for this site. Your bonding liability is \$5,900. Please remit the \$3,100 dollars for the reclamation surety for this site. You may either post the additional \$3100 with the BLM or us as long as we are both named on the surety. Also, the Notice for this site does not show SITLA as a land owner. Please update the Notice with this information.

080001

Page 2 of 2
Mr. Penney
S0010057, S0270093, S0270073, S0010056
March 17, 2008

Pretty In Pink S0270073

The BLM agrees with the .91 acres disturbed area. The surety amount for one acre or less is \$5,900. You currently have \$3,000 dollars under a nationwide bond with the BLM for this site. Please remit an additional \$2,900 dollars for the reclamation surety for this site. You may either post the additional \$3000 with the BLM or us as long as we are both named on the surety.

Lost Gems S0010056

The Lost Gems area is 1.4 acre. The bonding liability is \$9,600. You currently have \$3,000 posted under a nationwide bond with the BLM, so please remit the additional \$6,600 dollars. You may either post the additional \$3000 with the BLM or us as long as we are both named on the surety.

We will expect the above stated amount to be filed with the BLM or DOGM within 30 days, if you decide to post the additional bond with DOGM then please contact Jed Pearson at Jedpearson@utah.gov or (801)538-5382 to obtain the necessary forms.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Tom Munson at 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,



Susan White
Program Manager
Minerals Regulatory Program

SMW:tm:pb
Enclosure: BLM determination, maps
cc: Ed_ginuvious@blm.gov
Larry_garahana@blm.gov
John Blake
Jed Pearson
ep7@xmission.com
opie_Abeyta@blm.gov
P:\GROUPS\MINERALS\WP\M001-Beaver\M0010057-Silver3-4\draft\finaldetermination022708.doc

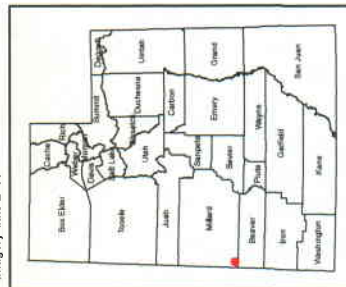
Mine Number: S270073
Mine Name: PRETTY IN PINK
 Township 25.0 S Range 19.0 W Section 24
 Meridian: SLBM

Inspection Date: 06/19/2001
 Map Produced by DKS

| | |
|------------------------------|-------------|
| Acres Disturbed | 0.56 |
| Acres Regraded | 0 |
| Acres Seeded | 0 |
| Road Acres Disturbed | 0.35 |
| Total Acres Disturbed | 0.91 |
| Acres Released | 0 |
| Acres Excluded | 0 |
| Acres PreExisting | 0 |
| Acres Prelaw | 0 |

- Legend**
 All items symbolized in legend may not be appear on map
- Active source Events
 - Inactive mine Events
 - County Boundary
 - Interstate
 - US Route
 - State Route
 - Primary Route
 - Secondary Route
 - Main Drift Road
 - Unimproved Road
 - Interchange
 - Trail
 - Township or Range Line
 - Section Line
 - Section Line location doubtful
 - Access
 - Mine
 - NonMine
 - Reclaimed
 - Other
 - Disturbed
 - Regraded
 - Seeded
 - Released
 - Cracked
 - PreExisting
 - Prelaw
 - Bond Area
 - STLA Mineral Leases
 - BLM Stubble Mine/ak
 - BLM Mining Notices
 - Community/PA
 - STLA Mineral Ownership

NAP Imagery date 2006

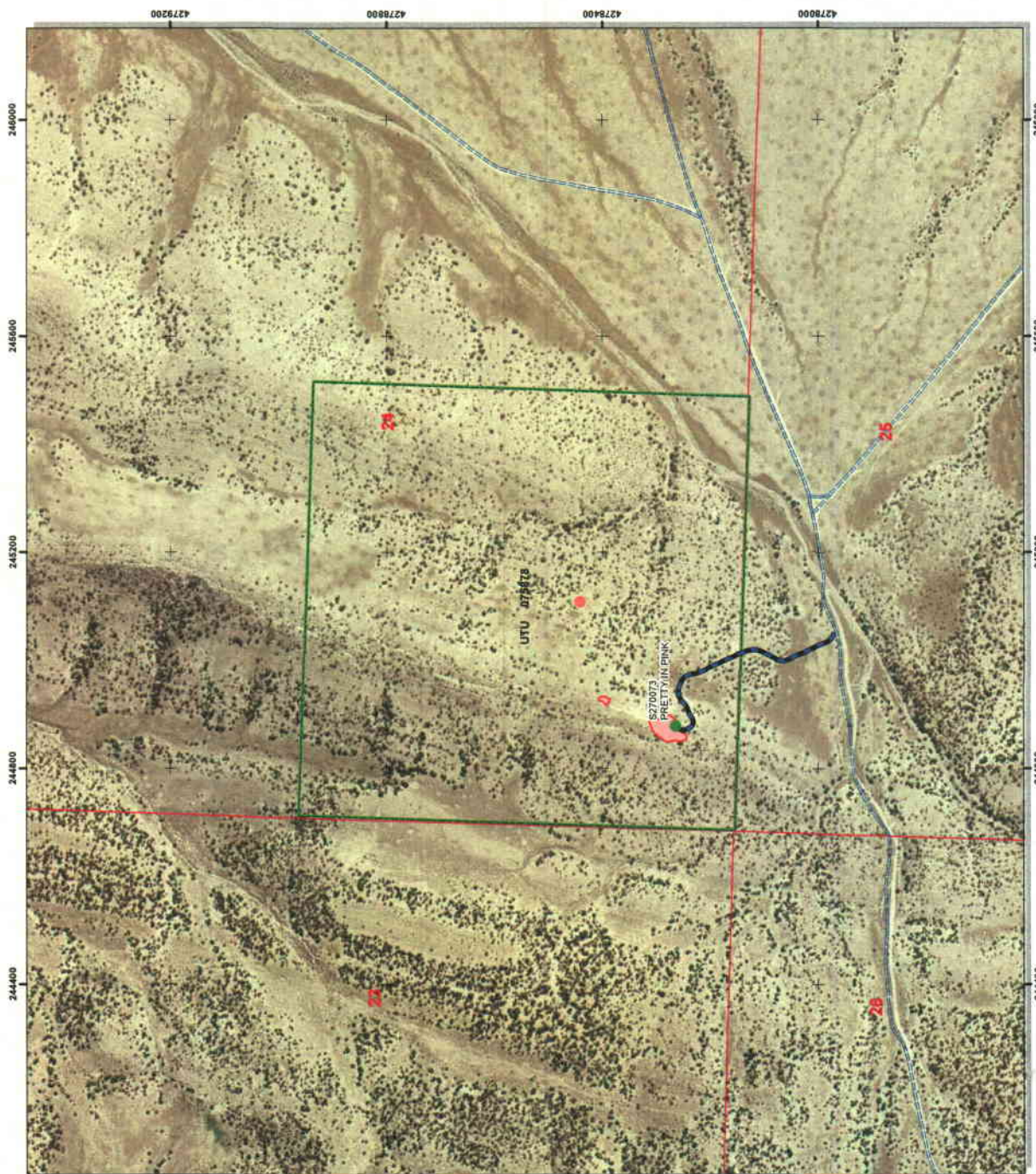


1:7,500 1 inch equals 625 feet
 Verity Scale

Default data sources and legal notices
 may cause misalignment of data layers.
 This product may not meet OOGM
 standards for accuracy and content.

Dept. of Natural Resources
 Division of Oil, Gas, and Mining
 Mineral Mines Program

NAD 1927 UTM Zone 12N



Mine Number: S270093
Mine Name: White Tiger
 Township 25 S Range 15 W Section 11 SLBM
 Township 25 S Range 15 W Section 02 SLBM

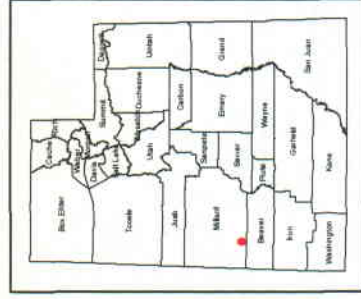
Inspection Date Aug. 31, 2005
 Map Produced by OKS

| | |
|------------------------------|-------------|
| Acres Disturbed | 1.07 |
| Acres Regraded | 0 |
| Acres Seeded | 0 |
| Road Acres Disturbed | 0 |
| Total Acres Disturbed | 1.07 |
| Acres Reclaimed | 0 |
| Acres Excluded | 0 |
| Acres Prelaw | 0 |

Legend
 All items symbolized in legend may not be appear on map

- County Boundary
- Township or Range Line
- Access
- Mine
- Northline
- Other
- Interstate
- US Route
- State Route
- Primary Route
- Secondary Route
- Main Dirt Road
- Unimproved Road
- Interchange
- Trail
- Disturbed
- Regraded
- Seeded
- Reclaimed
- Excluded
- Prelaw
- Mine Permit

DOQ Imagery date 1999



1:7,500 1 inch equals 625 feet
 Verify Scale
 Different data sources and input scales
 may cause misalignment of data layers.
 This product may not meet DOGM
 standards for accuracy and content.

Dept. of Natural Resources
 Division of Oil, Gas, and Mining
 Mineral Mines Program

